

CITY OF SAN DIEGO, CALIFORNIA
COUNCIL POLICY

CURRENT

SUBJECT: GENERAL FUND RESERVE LEVEL
POLICY NO.: 100-20
EFFECTIVE DATE: October 15, 2002

BACKGROUND:

On April 15, 2002 the City Council adopted the Blue Ribbon Committee Report. The first recommendation of the Committee was:

Recommendation #1; Evaluate and determine what an adequate reserve level is for the City. At this time, the Committee recommends increasing the reserves to be between 7 to 10% of General Fund revenues.

A major aspect of this goal concerns establishment of an appropriate level for the General Fund Reserve, a component of the overall General Reserves. On September 18, 2002, the Committee on Rules, Finance, and Intergovernmental Relations supported recommendations from the City Manager that included a proposed General Fund Reserve level, as well as a methodology to achieve that reserve level.

PURPOSE:

It is the intent of the City Council that the City of San Diego establish and maintain a General Fund Reserve level that is sufficient to address unforeseen contingencies such as natural disasters, catastrophic occurrences, or excessive liabilities or judgments against the City.

POLICY:

- 1) The General Fund Reserve shall be set at a minimum of 3% of annual General Fund revenues.
- 2) A goal shall be established to bring the General Fund Reserve to 5% of the annual General Fund revenues within 10 years (by Fiscal Year 2014).
- 3) In any fiscal year in which General Fund revenues are projected to increase by more than 2% over the prior year's budgeted revenues, the City Manager shall propose in his Annual Budget an increase to the General Fund Reserve equal to at least 10% of the General Fund revenue increase in excess of 2%. The requirement shall terminate when the General Fund Reserve reaches 5% of General Fund revenues.
- 4) If the City Manager determines that anticipated revenues in any fiscal year will be insufficient to maintain existing City services, the City Manager may recommend to the Mayor and City Council that they temporarily suspend compliance with this policy for the upcoming fiscal year. A majority vote of the City Council can temporarily suspend compliance with this policy for that fiscal year.

REFERENCES:

Blue Ribbon Committee Report on City of San Diego Finances, February 2002

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HISTORY:

Adopted by Resolution R-297182 10/15/2002